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**Submission to the Social Services
Legislation Amendment (Welfare
Reform) Bill 2017**

4 August 2017

www.anglicare.asn.au

About Anglicare Australia

Anglicare Australia is a network of 36 independent local, state, national and international organisations that are linked to the Anglican Church and are joined by values of service, innovation, leadership and the Christian faith that every individual has intrinsic value. Our services are delivered to one in 26 Australians, in partnership with them, the communities in which they live, and other like-minded organisations in those areas. In all, over 13,000 staff and 9,000 volunteers work with over 940,000 vulnerable Australians every year delivering diverse services, in every region of Australia.

Anglicare Australia has as its Mission “to engage with all Australians to create communities of resilience, hope and justice”. Our first strategic goal charges us with reaching this by “influencing social and economic policy across Australia...informed by research and the practical experience of the Anglicare Australia network”.

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Introductory remarks

Anglicare Australia strongly opposes the bulk of measures in the Social Services Legislation Amendment (Welfare Reform) Bill 2017.

We urge the Committee to reflect on the context for these proposed measures: - an Australia facing growing inequality, and where the cost of living is rising faster than wages or government payments. Inequality is now the worst it has been in seventy-five-years, in spite of two decades of uninterrupted economic growth.¹ Measures proposed in this bill will increase inequality and disadvantage in Australia, and in turn create further poverty. They also do not stand in isolation, but must be considered along with the [Social Services Legislation Amendment \(Better Targeting Student Payments\) Bill 2017](#), the [Social Services Legislation Amendment \(Ending Carbon Tax Compensation\) Bill 2017](#), and [Social Services Legislation Amendment \(Payment Integrity\) Bill 2017](#). Together these bills are a coordinated attack on people on the lowest incomes in our community, and Australia's social contract to provide support to people when they need it.

This particular bill contains nearly half a billion dollars in proposed cuts to Australia's shrinking social security net. Disturbingly, these savage and unnecessary cuts are accompanied by a deliberate revival of a culture of paternalism towards people on government payments.

Australia already has one of the most targeted and compliance-heavy social security systems in the world.² It also has the second lowest income support rates in relation to average wages in the OECD, leaving people trapped in poverty, endlessly searching for jobs that quite simply, aren't there. The OECD itself has reported that Australia's income support payments are insupportably low.³ Indeed, the evidence that these payments are too low is almost universally accepted,⁴ and the business and community sectors have been calling for an increase for years. These measures not only cut funding from people doing it the toughest in our society, they propose to punish people for a systemic failure by government to provide jobs, viable support, and hope.

¹ Sheil, C., and Stilwell, F. (2016) 'The wealth of the nation: Current data on the distribution of wealth in Australia.' *The Evatt Foundation*. Available online: <http://evatt.org.au/books/wealth-nation.html>

² Whiteford, P. (2016) 'Ideas for Australia: Welfare reform needs to be about improving well-being, not punishing the poor.' *The Conversation*. Available online: <https://theconversation.com/ideas-for-australia-welfare-reform-needs-to-be-about-improving-well-being-not-punishing-the-poor-56355>

³ Organisation for Economic Cooperation and Development (2008) *Growing Unequal? : Income Distribution and Poverty in OECD Countries*. Accessed online, p2. Available at: <http://www.oecd.org/dataoecd/44/47/41525263.pdf>.

⁴ Education, Employment and Workplace Relations References Committee (2012) *The adequacy of the allowance payment system for jobseekers and others, the appropriateness of the allowance payment system as a support into work and the impact of the changing nature of the labour market*. Parliament of Australia: Canberra.

Instead of making our social security system fairer and bringing into line with global standards, this Bill would cut another \$478m from payments over the forward estimates. Most of the losses will be incurred by people who are unemployed and single parents. The quest for savings through these unfair measures is unethical, and the savings themselves are a mirage – the costs of providing emergency services to people in extreme need are far higher.

Anglicare Australia urges the Committee and the Senate to reject Schedule 9-15 of this bill in their entirety. We would welcome the opportunity to elaborate on our concerns in person, including, subject to availability, providing drug and alcohol counsellors from our network who can speak to the (lack of) efficacy and inappropriateness of Schedules 12-14.

Response to Schedules 1-7

Anglicare Australia supports the recommendations of ACOSS in relation to these schedules, including keeping the Bereavement Allowance in its current form and rates.

The simplification of the number of payments is reasonable as long as it doesn't result in any current or new recipients being worse off. The amendments proposed by ACOSS are therefore necessary to ensure that is the case, and we urge the Committee to support them.

Schedule 9: Relief from activity test for persons aged 55-59

Anglicare Australia strongly opposes this measure.

The simple fact is that there are not enough jobs for the number of jobseekers in Australia. It is particularly difficult for older people to find work due to discrimination and often a lack of contemporary skills. As Anglicare Australia's Jobs Availability Snapshot shows, the shortage of positions available for low-skilled job seekers runs at six job seekers for every position advertised.⁵

Forcing people aged 55 to 59 to complete Work for the Dole or Search for Work programs is not going to create any new positions or reduce discrimination against older workers. It also devalues and dismisses the value of the voluntary work completed by people in this age bracket in terms of its value to our community, and as an appropriate means of lifting skills, providing meaningful community work and engagement, and potentially finding employment derived from volunteering.

Volunteers aged 55-64 are the single biggest cohort of volunteers nationally.⁶ Forcing people to desist from volunteering and seek jobs that simply aren't there will have a negative impact

⁵ Anglicare Australia (2016) *Jobs Availability Snapshot*. Available online:

http://www.anglicare.asn.au/docs/default-source/events-documents/aa_jobs-availability-snapshot-%C6%92a.pdf?sfvrsn=4

⁶ *Volunteering Australia (2016) State of Volunteering in Australia*. Available online:

<https://www.volunteeringaustralia.org/wp-content/uploads/State-of-Volunteering-in-Australia-full-report.pdf>

on their self-worth, and hurt many valuable and treasured community organisations that rely on volunteers to operate.

The assumption that the parliament will agree to raise the Aged Pension eligibility age to 70 is unproven, and if elected members listen to the community, it is highly likely to be rejected. Australians do not support forcing people to work for longer⁷ when they see ample measures available to address the budget requirements for pension payments through revenue raising, and know such changes would leave many more people, particularly women on low wages, in poverty.

Schedule 10: Start date for some participation payments

The projected savings from this proposed measure reveal its intent – to further restrict access to Newstart and Youth Allowance for people who are entirely eligible and in need, by placing another hurdle in front of them with no justification.

Given the frequent and often lengthy delays in the processing of claims by Centrelink, the Committee needs to understand that supporting this measure will almost certainly see people going without payments even if they comply with this change. Further, there are already ample disciplinary measures available, including loss of payment, if a person does not attend mandatory appointments such as with a jobactive provider.

Anglicare Australia contends that people who are eligible should continue to be paid based on their date of claim. The Committee should reject this proposal.

Schedule 11: Removal of intent to claim provisions

Anglicare Australia strongly opposes this measure. It would remove reasonable and fair provisions that allow for people's individual and often extenuating circumstances when completing a claim. Such reasons include unfamiliarity with a complex system; as well as personal crises such as sudden illness or bereavement, fleeing a family violence situation, homelessness and relationship breakdown.

Some claimants also have additional barriers to overcome such as low literacy, low digital literacy and lack of access to the internet. The Government's assertion that the digitising of information makes claiming through Centrelink 'easy' are completely inaccurate, flies in the face of the growing digital divide⁸, and show a profound lack of care and understanding for the individual circumstances of people seeking assistance when they are often at their most vulnerable. There is no ethical justification for this measure and the Committee should reject it.

⁷ COTA (2016) *Poll: 7 in 10 Australians oppose increase to pension age*. Available online: <http://www.cota.org.au/australia/news/newslist/2014/australians-oppose-increase-to-pension-age.aspx>

⁸ Measuring Australia's Digital Divide – the Digital Inclusion Index 2017 <https://digitalinclusionindex.org.au/the-index-report/report/>

Schedule 12: Establishment of a drug testing trial

Anglicare Australia strongly opposes these measures.

The drug testing trial established under this Schedule is discriminatory. It will only demonise some of the most vulnerable in our society, and it is not supported by evidence. Mandatory drug rehabilitation has been repeatedly found to be one of the least effective ways for people to overcome a drug addiction.

Anglicare Australia notes that similar tests have been deployed in ten US states. The results from the American trials have detected almost no positive results, and the program has been very costly to deliver. According to the most recent published results, the US drug testing programs have cost almost \$1 million USD and uncovered just 321 positive tests.⁹ In Oklahoma, the tests have cost around \$1600 USD per positive result. Across the board, the US results have found that these programs cost rather than save money, while doing nothing to address problems associated with addiction.¹⁰

New Zealand, which has a less punitive drug testing regime than the one proposed under this Schedule, has only identified 466 drug takers since 2013. The cost of the New Zealand program is opaque – recent Freedom of Information requests have been declined on the basis of commercial-in-confidence – but we know that in 2015, New Zealand spent \$1 million testing 8001 people, returning just 22 positive results that year.¹¹

Anglicare Australia notes that Canada and the UK have rejected similar proposals on the basis that the programs are too expensive and provide almost no benefits. In 2013 the Australian Government received similar advice from the Australian National Council on Drugs when it considered a similar proposal. It found that:

“There is no evidence that drug testing welfare beneficiaries will have any positive effects for those individuals or for society, and some evidence indicating such a practice could have high social and economic costs. In addition, there would be serious ethical and legal problems in implementing such a program in Australia. Drug testing of welfare beneficiaries ought not be considered.”¹²

The Government’s refusal to reveal the likely cost of this program, citing commercial in confidence issues with potential providers, is deeply unsatisfactory and should see the proposed testing rejected on principle, as it fails to provide the parliament and public with the necessary transparency that should be required of all proposals involving public funds.

⁹ Covert, B., and Israel, J. (2016) ‘Drug Testing Welfare Recipients Is A Popular New Policy That Cost States Millions. Here Are The Results.’ *Think Progress*. Available online: <https://thinkprogress.org/drug-testing-welfare-recipients-is-a-popular-new-policy-that-cost-states-millions-here-are-the-cf829257ade0>

¹⁰ Ibid.

¹¹ McCallum, P. (2017) Budget 17/18: Drug Testing Welfare, does it add up? *PPE Society*. Available online: <http://www.ppesociety.org.au/wp/2017/05/budget-1718-drug-testing-for-welfare/>

¹² Australian National Council on Drugs (2013) *Drug Testing Position Paper*. Available online: http://www.drugsandalcohol.ie/20368/1/ANCD_paper_DrugTesting.pdf

Finally, Anglicare Australia notes that there are ongoing questions regarding the accuracy of drug tests and the legal implications of false positive results.

With no expert support and no plans to ensure rehabilitation services, the drug testing regime will simply fail. Anglicare Australia urges the Committee to reject these measures.

Schedule 13: Removal of exemptions for drug or alcohol dependence

Anglicare Australia strongly opposes this measure. Any move to deny help to people harmed by their addiction, or to remove mutual obligations exemptions for people with a drug or alcohol addiction, would be counterproductive in the extreme.

Anglicare Australia is extremely concerned that decision makers will determine whether an injury or illness is attributable to drug or alcohol use with no clear procedure. This could easily be an arbitrary decision that is vulnerable to appeal or legal challenge. The narrowing of exemptions, which is also a measure in this schedule, is likely to see many people breach their requirements because they are unfit or physically unable to fulfil them.

Dependence on drugs or alcohol should not be treated as a compliance issue for people accessing the social safety net. It should be treated as a health issue, as recommended by both ACOSS and the Australian Medical Association.

Anglicare Australia's position is that exemptions should only be based on the fitness of a person to fulfil mutual obligations. On that basis, Anglicare Australia urges the Committee to reject these measures.

Schedule 14: Changes to reasonable excuses

The proposals under this Schedule would penalise people for relapsing if treatment formed part of their mutual obligations, or if a person's addiction led to them failing other obligations. This approach will undermine, rather than help, recovery and treatment. It is widely recognised by specialist and mainstream services, the medical community, and other experts that relapses are a part of treatment.

Research has found that penalties such as these are likely to result in disengagement among income support recipients. In the UK, this approach has hurt efforts to address drug dependency.¹³ This and other research has repeatedly shown that the most effective way to address these issues is with intensive support and demand-side interventions.¹⁴

¹³ Bauld, L., McKell, J., Carroll, C., Hay, G. and Smith, K. (2012) 'Benefits and Employment: How Problem Drug Users Experience Welfare and Routes into Work.' *Journal of Social Policy*.

¹⁴ Ibid.

Given the absence of any evidence that supports these penalties, it is unsurprising that these measures have been widely condemned by the medical community, drug and alcohol experts, and the community sector.

Anglicare Australia opposes this measure and urges the Committee to reject it.

Schedule 15: Targeted compliance framework

Anglicare Australia strongly opposes this proposed new compliance scheme and urges to the Committee to reject it.

Australia already has one of the most onerous and compliance-heavy social security systems in the OECD.¹⁵ It also has some of the lowest payments, leaving people trapped in poverty, and endlessly searching for jobs that quite simply, aren't there. This particularly applies to young people, who endure the lowest payments in the system on Youth Allowance and face a dire shortage of entry-level jobs at all skill levels. This leaves them at constant risk of severe poverty, homelessness, and falling into a state of hopelessness. The Government itself has recognised the lack of employment opportunities and barriers to work for young people with the introduction of the Youth PaTH program. However, even if PaTH achieves its targets, the 30,000 positions it aims to create are nowhere near the overall unmet need in terms of the number of jobseekers compared with jobs available for young people.

Anglicare Australia reminds the Committee that despite the lack of available positions, the vast majority of people comply with their requirements. When they do disengage from the system it's often for good reason such as a breakdown in their mental health, making a genuine error while navigating a complex system that Centrelink staff frequently get wrong and struggle to explain, or other extenuating circumstances.

The current system gives people a chance to re-engage before facing loss of payment, which means there is an incentive to do so, and stops people losing vital payments that are barely enough to get by on as it is. Looking to save money by repeatedly cutting people off from the system, with no room for discretion regarding someone's circumstances, as this new regime sets out to do, is punishing people for being human. Further, linking it to the most significant proposed saving from the social security budget would introduce a systemic incentive to punish the most vulnerable in our society. It is profoundly immoral and callous and should be rejected.

¹⁵ Opt cit: Whiteford.

Conclusion

With no evidence to support Schedules 9-15, this Bill simply appears to be an ideological attack on the social safety net.

In particular, we are concerned about measures that would:

- Force older Australians into mutual obligation arrangements. This measure ignores the barriers facing older people looking for work, and is not accompanied by measures to create new positions or reduce discrimination against older workers.
- Remove intent to claim provisions. This would mean that personal crises, such as family violence or relationship breakdown, cannot be considered when completing a claim.
- Establish a drug testing trial. All of the evidence shows that drug testing income support recipients is expensive and achieves nothing.
- Deny help to people harmed by their addiction. This proposal is profoundly cruel and unnecessary.
- Add new and unnecessary compliance measures to a social security regime that is already one of the most onerous in the world.

These measures will only generate greater poverty, erode social cohesion? and increased community need for emergency relief. At a time of growing concern about rising inequality and the erosion of social cohesion, and with welfare cuts opposed by the majority of Australians,¹⁶ this Bill is out of step with community expectations.

The Committee should therefore reject these sections of the bill.

¹⁶ The Australia Institute (2016) *Poll: Strong rejection of Newstart cuts*. Available online: <http://www.tai.org.au/content/poll-%E2%80%98other%E2%80%99-surge-senate-voting-intention-and-strong-rejection-newstart-cuts>